

CANADA
STEAMSHIP
LINES
LIMITED

ANNUAL REPORT
1941

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MCGILL UNIVERSITY

CANADA STEAMSHIP LINES LIMITED

DIRECTORS

W. H. COVERDALE, ESQ.

ARTHUR CROSS, ESQ.

KENNETH T. DAWES, ESQ.

W. C. FRANZ, ESQ.

HARRY C. HATCH, ESQ.

FRANK J. HUMPHREY, ESQ.

COL. K. R. MARSHALL

GEORGE H. MONTGOMERY, ESQ., K.C.

PAUL J. MYLER, ESQ.

A. C. PICARD, ESQ.

JOSEPH M. PIGOTT, ESQ.

JOSEPH A. SIMARD, ESQ.

PAUL F. SISE, ESQ.

SIDNEY T. SMITH, ESQ.

C. E. TASCHEREAU, ESQ.



EXECUTIVE OFFICERS

W. H. COVERDALE

President

GEORGE H. MONTGOMERY, K.C.

Vice-President

R. B. THOMSON

Secretary

H. A. CRESSWELL

Treasurer

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's twenty-eighth Annual Report and Statement of Accounts. The total revenue for 1941 amounted to \$17,243,806.27, an increase of \$4,569,350.08 above the previous year, due to increased traffic and to a further improvement in the operations of subsidiary companies.

The net earnings for the year before providing for depreciation were \$6,576,959.81, bond and other interest paid during the year amounted to \$595,160.00, leaving \$5,981,799.81 available for depreciation and other corporate purposes.

Reserve for depreciation amounted to \$1,630,244.86.

After all charges, reserve for depreciation, etc., there was a net profit before income taxes of \$4,351,554.95. While the position of the company under the Excess Profits Tax Act has not yet been determined, provision has been made for Dominion income and excess profits taxes in amount of \$2,800,000.00, on which basis the net income for the year was \$1,551,554.95.

Cash and Government securities on hand on December 31, 1941, amounted to \$5,868,666.40, after the purchase of \$2,300,000.00 First Mortgage Bonds of the Company and \$62,500.00 Kingston Elevator Bonds against future sinking fund requirements.

Kingston Elevator Company First Mortgage Bonds were reduced by \$29,500.00 through sinking fund operations to \$1,159,500.00 outstanding as at December 31, 1941.

The Company's property has been maintained in sound physical condition. During the year, net additions to property amounted to \$1,053,411.81, represented principally by increased shipbuilding facilities at the Company's subsidiary, Davie Shipbuilding and Repairing Company Limited plant at Lauzon, Que., to take care of increased orders on hand, and expenditures on the new Tadoussac Hotel.

In accordance with the terms of the Reorganization Plan, the full dividend of \$2.50 per share has been declared on the Company's Preference stock, payable April 1, 1942, to shareholders of record of March 21, 1942.

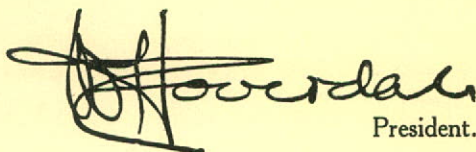
During the year the Company made a special contribution of \$100,000.00 to its Employees' Pension Fund in addition to the \$42,355.50 contributed against employees' aggregate contribution in like amount. The assets of this fund in amount of approximately \$1,141,000.00 are entirely separate and distinct from the assets shown on the Company's balance sheet.

The fleet consists of seventy-four steamships, of which sixty-two are freight and twelve are passenger. Five canal-size steamships have been employed in the West Indies trade, and it is announced with regret that, since the end of the year, one of these steamships with two of her crew has been lost by enemy action.

Your Directors regret to announce that, during the year 1941, the Company sustained losses through the deaths of Brig.-Gen. C. H. Mitchell, C.B., C.M.G., C.E. and the Honourable Lorne C. Webster, directors.

Your Directors desire to record their appreciation of the loyal and efficient services of the Company's officers and employees.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "H. Overdale". The signature is stylized with a large, sweeping initial "H" and a long horizontal stroke extending to the right.

President.

Montreal, March 12th, 1942.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED

As at 31st D

ASSETS

Fixed Assets at the reduced valuation made by the Management as at 31st December, 1936, and approved by the Board of Directors with subsequent additions at Cost:

Vessels, Real Estate, Buildings, Docks and Wharves, Plant and Equipment, and Miscellaneous	\$42,286,022.88
Less Reserve for Depreciation	19,772,347.60
	22,513,675.28

Current Assets:

Cash in Banks and on Hand	\$ 2,548,978.90	
Guaranteed Demand Deposits and Call Loan	2,005,000.00	
Dominion and Provincial Government Bonds at Cost (of which \$375,000.00 are deposited in guarantee of Shipbuilding Contracts)	1,314,687.50	
Accounts Receivable, less Reserve	977,581.38	
Adjusted Losses due by Underwriters	71,587.93	
Insurance and Other Claims, estimated amount re- coverable	72,352.09	
Interest Receivable Accrued	11,803.64	
Inventories of Stores and Supplies and Shipyard Work in Progress at the lower of Cost or Market (as determined by responsible Officials on the basis of physical inventories)	7,774,497.84	
	14,776,489.28	
Less Payments received on Uncompleted Contracts	6,325,450.00	
	8,451,039.28	
Prepaid Expenses		257,882.59
Investments at Book Value (including \$2,300,000.00 par value of 5% First Mortgage Bonds of the Company)		2,567,012.44
Funds deposited with Trustees for Mortgage Bonds		3,844.06
Total		<u>\$33,793,453.65</u>

Signed on behalf of the Board:

W. H. COVERDALE }
GEO. H. MONTGOMERY } Directors.

AUDITORS' REPORT TO

We have examined the accounts of Canada Steamship Lines Limited and its Subsidiary Companies for the year report that we have obtained all the information and explanations we have required and, in our opinion, the above of the Companies' affairs, on a consolidated basis as at 31st December, 1941, according to the best of our informat

We have also to report that the Dividend Amount available for the Preference Shareholders under the provi dividend of 5% in respect of the year 1941.

Montreal, 9th March, 1942.

AND ITS SUBSIDIARY COMPANIES

BALANCE SHEET

December, 1941

LIABILITIES

Capital Stock:

Authorized and Outstanding:

229,250 Shares 5% Preferred Stock of \$50.00 each (Cumulative from 1st January, 1943)	\$11,462,500.00
300,000 Shares Common Stock of No Par Value	3,391,500.00

14,854,000.00

Funded Debt:

5% First Mortgage Bonds—Series "A" due 2nd January, 1957	\$10,500,000.00
6% Twenty Year First Mortgage Gold Bonds, Kingston Elevator Co. Ltd.	1,159,500.00
	11,659,500.00

Current Liabilities:

Accounts Payable	1,412,095.79
Provision for Taxes—Estimated	2,975,934.62
Bond Interest Accrued	11,595.00
Deferred Income	143,876.58
Dividend Payable to Preference Shareholders under terms of Reorganization Plan	573,125.00
	5,116,626.99

Reserves:

For Freight Claims	42,500.00
" Shipbuilding Contracts	35,000.00
" Insurance Losses and Repairs	325,000.00
Surplus from Sinking Fund Purchases of Bonds of Kingston Elevator Co. Ltd.	396.25
	402,896.25

Earned Surplus 1,760,430.41

Total \$33,793,453.65

THE SHAREHOLDERS

ended 31st December, 1941, and, in accordance with the provisions of the Companies Act (Dominion), we have to
Balance Sheet as at 31st December, 1941, is properly drawn up so as to exhibit a true and correct view of the state
ion and the explanations given to us, and as shown by the books of the Companies.
sions of the Reorganization Plan at 31st December, 1941, was sufficient to provide for the payment of a full year's

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the Year ended 31st December, 1941

Operating Revenue:

Vessels.....	\$14,050,503.26
Docks and Wharves.....	727,751.66
Miscellaneous Operating Revenue—Net.....	2,268,479.21
	<u>17,046,734.13</u>

Other Revenue (including Income from Investments, \$153,075.20)..... 197,072.14

17,243,806.27

Expenses (including Salaries of Executive Officers, \$75,194.10, Directors' Fees \$13,930.41 and Legal Fees \$3,015.04)..... 10,666,846.46

Net Earnings before Interest Charges and Depreciation..... 6,576,959.81

From which deduct:

Interest on 5% Mortgage Bonds.....	\$ 525,000.00
Interest on 6% Mortgage Bonds of Kingston Elevator Co. Ltd.....	70,160.00

595,160.00

Provision for Depreciation..... 1,630,244.86

2,225,404.86

Net Profit..... 4,351,554.95

Amount reserved for Dominion Income and Excess Profits Taxes—Estimated..... 2,800,000.00

Net Income for Year..... \$ 1,551,554.95

EARNED SURPLUS

Earned Surplus as at 31st December, 1940..... \$ 782,000.46

Add Net Income for Year ended 31st December, 1941..... 1,551,554.95

2,333,555.41

Less:—Dividend Payable to Preference Shareholders under the terms of the Reorganization Plan..... 573,125.00

Earned Surplus as at 31st December, 1941..... \$ 1,760,430.41

World Famous **PASSENGER SERVICE**

This season, Canada Steamship Lines' luxurious passenger ships again offer a comfortable, healthy and diversified vacation. "Take A Boat Trip," becomes not only a slogan for our services, but a slogan which says, "Save Gasoline!" "Save Tires and Oil!" "Save Money!" "Return Refreshed to your Wartime Job!"

The Company's passenger service operates in four main divisions—the Northern Navigation Division, which provides semi-weekly service between Windsor, Detroit and Duluth, making port at Sarnia, Sault Ste. Marie and Port Arthur. There is the Toronto-Niagara Division, giving frequent daily service and special moonlight excursions in the Toronto-Lake Ontario region. There is the Toronto-Montreal Division with three-time-a-week service across Lake Ontario to Rochester, through the magnificent Thousand Islands and over the super-thrilling rapids to Montreal. There is the well-known Montreal-Saguenay Division operating three and six-day trips from Montreal to the Continent's legendary vacation river, the deep, mysterious Saguenay. This service calls daily at Quebec, Murray Bay, Tadoussac, Bagotville and intermediate ports. Also daily overnight service between Montreal and Quebec.

*For full information, literature, reservations, apply to
any office of Canada Steamship Lines.*

CANADA STEAMSHIP LINES

The **MANOIR RICHELIEU**

... on the shores of the lower St. Lawrence at Murray Bay, Quebec, is owned and operated by Canada Steamship Lines.

Here is the ideal place for those who this year will seek a pause from war toil, for the Manoir Richelieu is a superb hotel, with cuisine and service unrivaled in North America. Golf, tennis, riding and swimming are popular recreations, perhaps because the facilities afforded are specially attractive.

The hotel opens June 22nd.

*For further information, literature, reservations,
write the Manager, 715 Victoria Square, Montreal,
or apply to any office of
Canada Steamship Lines.*

CANADA STEAMSHIP LINES

Package and Bulk **FREIGHT SERVICES**

Twenty modern, speedy ships maintain regular Package Freight schedules between twenty ports on the St. Lawrence-Great Lakes Waterway System, providing service that is unsurpassed in the efficient handling and dispatch of freight.

Recently improved terminal facilities and mechanical equipment are available to supplement this service, and our highly trained personnel in charge assures customers satisfaction.

Be they large or small, all shipments receive the same careful attention.

Vessels of many types and sizes operate in the Bulk Freight Division, capable of handling all classes and quantities of cargo, and provide an economical means of transporting such commodities as coal, iron ore, grain, pulpwood, etc.



CANADA STEAMSHIP LINES

Our *New* HOTEL TADOUSSAC

Opens June 27th

Tadoussac is the oldest settlement in North America, the site of the first white man's dwelling in Canada and the first Christian Church in the New World. Here is located the *new* Hotel Tadoussac at the junction of the St. Lawrence and Saguenay Rivers, surrounded by relics of an historic past and in a unique climate, free of hay-fever. Or perhaps you'll find a vacation here more tempting because of the nine exclusive fishing lakes, the scenic golf course, plus tennis, plus fresh-water swimming in mountain lake or salt-water swimming in the hotel's private outdoor heated pool.

*For further information, literature, reservations,
write the Manager, 715 Victoria Square, Montreal,
or apply to any office of
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CANADA STEAMSHIP LINES